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**FISCAL IMPACT STATEMENT**

**LS 6143**

**BILL NUMBER:** HB 1260

**NOTE PREPARED:** Jan 12, 2004

**BILL AMENDED:**

**SUBJECT:** Telephone Solicitation Law.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill allows, beginning January 1, 2005, a small business to be placed on the quarterly listing of Indiana telephone subscribers that request not to be solicited by telephone. The bill requires the Consumer Protection Division of the Attorney General's office to include a breakdown of the listing's residential and small business subscribers in the Division's annual report to the Regulatory Flexibility Committee.

**Effective Date:** Upon passage; January 1, 2005; July 1, 2005.

**Explanation of State Expenditures:** Allowing the state's Telephone Privacy List to include small business subscribers will likely increase the number of phone numbers listed. While additional subscribers will increase the cost of administering the list, rulemaking provisions in current law allow the Attorney General's office (AG) to adjust the annual fee telemarketers are charged for the list to meet specific costs associated with providing the list. Costs associated with the program are paid from the dedicated Consumer Protection Division Telephone Solicitation Fund. (See *Explanation of State Revenues*.)

The impact of the provision on the AG will be contingent upon the number of small businesses that register for the listing. The Indiana Utility Regulatory Commission (IURC) reports that there are approximately 1,754,000 nonresidential phone lines in the state. It is estimated that approximately one-third of the lines are used by small businesses who would be eligible to sign up for the listing. If a similar percentage of these eligible lines register for the list as have residential users (approximately 54%), it is estimated that approximately 320,000 new lines would be included on the listing.

Due to the large variance in the number of new registrants to the Telephone Privacy List, the AG's office

currently contracts with an outside firm to assist with supplying staffing and systems to registering new telephone numbers. The contracting cost incurred by the AG for the Telephone Privacy List program is dependant on the number of new lines registered. Based on the AG's FY 2002 and FY 2003 contracting costs, it is estimated that expanding the list to include small business lines could increase the AG's costs by approximately \$244,000 in FY 2005, and \$112,000 in each of FY 2006 and FY 2007. This estimates assumes that half of the new small business lines will register in the first year, and the remaining half would register in the second and third years. Aside from the costs associated with registering the additional small business subscribers, the bill is not expected to have a significant impact on the AG's internal administrative costs.

*Background Information:* P.L. 189-2001 established the state's Telephone Privacy List. As of June 30, 2003, the AG reported that 1,346,454 residential phones are registered for the list, an amount equivalent to approximately 54% of the state's total number of residential lines. During FY 2003, 231,092 new subscribers were added to the list. According to the AG's Telephone Privacy program report to the Regulatory Flexibility Committee, the Telephone Privacy program reported total costs equal to \$1.08 M during FY 2003. Included in this cost are expenses incurred by the program associated with providing and maintaining the list as well as the AG's legal and administrative costs related to enforcing the Telephone Privacy Law.

**Explanation of State Revenues:** Funding for the Telephone Privacy List program comes from a \$750 annual subscription fee that telemarketers who are requesting the list are charged and from fines assessed against persons that violate the state's telephone solicitation laws. Revenue from the fee is deposited in the dedicated Consumer Protection Division Telephone Solicitation Fund. In FY 2003, the AG received \$691,393 in fee and fine revenue from telemarketers. The program's projected FY 2004 budget is \$759,000. Under current law, the Attorney General has rulemaking authority to set the annual fee charged telemarketers for the Telephone Privacy List at a level equal to the cost of maintaining the list. Expanding the list to include nonresidential lines will increase the program's costs; however, it is unclear whether or not the fee charged to telephone solicitors will necessarily increase. As the Telephone Privacy List becomes known to more residential subscribers, it is likely that fewer new residential numbers will be added to the list. If the cost incurred with registering small business subscribers replaces the decreased registration activity of residential subscribers, the annual subscription fee could remain at its current level.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General's Office.

**Local Agencies Affected:**

**Information Sources:** 2003 Telephone Report to the Regulatory Flexibility Committee, IURC; Attorney General's FY 2003 Report on the Telephone Privacy List to the Regulatory Flexibility Committee; U.S. Census Bureau; Brent Embry, Office of the Attorney General, 234-2219.

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